

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF INDIANA

In re Gregg Appliances, Inc. Case No. 17-01303-11
Debtors

MONTHLY OPERATING REPORT
Gregg Appliances, Inc.

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I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

<u>Signature of Debtor</u> <u>Signature of Joint Debtor</u> <u>Signature of Authorized Individual*</u> <u>Kevin Kovacs</u> Printed Name of Authorized Individual	<u>Date</u> <u>Date</u> <u>10/31/19</u> <u>Date</u> <u>CEO / CFO</u> Title of Authorized Individual
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* Authorized individual must be an officer, director, or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Condensed Consolidated Statement of Income (unaudited)

(In Thousands)	For the Period of September 1, 2019 to September 30, 2019
Net Sales	\$ -
Cost of Goods Sold	-
Gross Profit/(Loss)	-
Operating Expenses:	
Advertising Expense, Net	-
Occupancy Costs	3
Data Communications	0
Repair and Maintenance	-
Company Insurance (Non-Medical)	0
Employee Benefits	0
Wage Expense	19
Employee Services	0
Travel and Entertainment	-
Bank Transaction Fees	7
Professional Fees	604
Stock Compensation Expense (Benefit), Net	-
Gain/Loss on Early Extinguishment of Debt	-
Depreciation and Amortization	-
Administrative and Sales Expense	12
Product Services Expense	-
Bad Debts	-
Total Operating Expenses	645
Operating Income/(Loss)	\$ (645)
Interest Expense, net	(46)
Other Income/(Expense)	4,116
Income Before Taxes	\$ 3,426
Income Tax Expense/(Benefit)	-
Net Income/(Loss)	\$ 3,426

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Condensed Consolidated Balance Sheet (unaudited)

<i>(In Thousands)</i>	As of 9/30/2019
Assets	
Cash	12,289
Credit Card and Trade Accounts Receivable, Net	5,954
Accounts Receivable - Other	8,456
Merchandise Inventories	-
Prepaid Expenses and Other Assets	2,618
Income Taxes Receivable	-
Total Current Assets	29,317
Property and Equipment, Net	-
Capitalized Financing Fees, Net	-
Goodwill	-
Trademarks, Net	-
Other Assets, Net	1
Total Assets	\$ 29,318
Liabilities and Stockholders' Deficit	
Accounts Payable	8,197
Outstanding Customer Deposits, Credits, Refunds	1,560
Unredeemed Gift Card Liability	15
Other Accrued Expenses	12,736
Deferred Tax Liability	-
DIP Loans	3,502
Total Current Liabilities	\$ 26,009
Deferred Rent	-
LT Deferred Compensation	234
Other Long-term Liabilities	107
Liabilities Subject to Compromise	196,196
Total Liabilities	\$ 222,546
Preferred Stock	-
Common Stock	4
Accumulated Deficit	(347,779)
Treasury Stock	(150,228)
Additional Paid-in Capital	304,775
Total Stockholders' Deficit	\$ (193,228)
Total Liabilities and Stockholders' Deficit	\$ 29,318

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Condensed Consolidated Statement of Cash Flows (unaudited)

	For the Period of September 1, 2019 to September 30, 2019
<i>(In Thousands)</i>	
Cash flows from operating activities:	
Net cash provided by (used in) operating activities	<u>\$ 3,574</u>
Cash flows from investing activities:	
Purchases of property and equipment	-
Proceeds from sale of property and equipment	-
Other	-
Net cash used in investing activities	<u>-</u>
Cash flows from financing activities:	
Net Borrowings (Repayments) on Debt Facility	<u>(3,709)</u>
	<u>(3,709)</u>
Increase/(decrease) in cash and cash equivalents	(135)
Cash and cash equivalents at beginning of period	12,424
Cash and cash equivalents at end of period	<u><u>\$ 12,289</u></u>

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Quarterly Summary of Receipts (unaudited)

(In Thousands)

For the Calendar Quarter Ended 9/30/2019	
	Amounts
Receipts from Preferences:	
Gross Preference Recoveries	\$ 4,703
Less: Expenses / Contingency Fee	\$ (587)
Net Preference Recoveries	\$ 4,116
Receipts from Other (1)	\$ 2,265
Total Receipts	\$ 6,381

Gregg Appliances, Inc.

DEBTORS AND DEBTORS IN POSSESSION

Total Disbursements by Filed Legal Entity (unaudited)

(In Thousands)

For the Period of September 1, 2019 to September 30, 2019

<u>Legal Entity</u>	<u>Case Number</u>	<u>Disbursements</u>
Gregg Appliances, Inc.	17-01303-11	\$ 543

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Bank Reconciliations (unaudited)

(In Thousands)

G/L Acct	Account Name	Bank Acct #	Debtor	Description	Bank Balance	Ledger Balance	As of Date	Reconciled
1000	Master Operating Account	9174	Gregg Appliances, Inc.	Operating Account	\$ 0	\$ -	9/30/2019	No
				Corporate AR deposit account, All retail locations				
1001	Corporate Account	9505	Gregg Appliances, Inc.	depository account	\$ -	\$ -	9/30/2019	No
1016	Cash Concentration	9455	Gregg Appliances, Inc.	Cash Dominion	\$ 0	\$ -	9/30/2019	No
1017	Gregg AR DIP REVOLVER	2T08	Gregg Appliances, Inc.	Excess cash on Wells Fargo AR DIP Revolver	\$ 854	\$ 854	9/30/2019	Yes
1051	Disbursements	9729	Gregg Appliances, Inc.	Checking	\$ -	\$ (16)	9/30/2019	No
				Legal Reserve and Escrow for Whirlpool,				
1011	Restricted - Wells Fargo Escrow	Internal Wells Fargo Account	Gregg Appliances, Inc.	Electrolux and WGT V Matters	\$ 11,450	\$ 11,450	9/30/2019	No

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Total Disbursements to Retained Professionals (unaudited)

(In Thousands)

		For the Period of September 1, 2019 to September 30, 2019	
Retained Professionals		Approved Amounts (1)	Disbursements
MORGAN, LEWIS & BOCKIUS LLP	Legal Services	\$ 1,878	\$ -
STIFEL, NICOLAUS & COMPANY INC	Bankruptcy Services	\$ -	\$ -
BERKELEY RESEARCH GROUP LLC	Bankruptcy Services	\$ 2,423	\$ -
DONLIN, RECANO & COMPANY INC	Bankruptcy Services	\$ -	\$ -
ICE MILLER LLP	Legal Services	\$ 1,938	\$ -
BINGHAM GREENBAUM DOLL LLP	Bankruptcy Services	\$ 203	\$ -
MALFITANO PARTNERS	Bankruptcy Services	\$ 66	\$ -
COOLEY LLP	Bankruptcy Services	\$ 2,276	\$ -
PROVINCE, INC.	Bankruptcy Services	\$ 556	\$ -
DLA PIPER LLP US	Bankruptcy Services	\$ -	\$ 410
FAEGRE BAKER DANIELS LLP	Bankruptcy Services	\$ -	\$ 43
CHOATE HALL & STEWART LLP	Bankruptcy Services	\$ -	\$ 8
ASK LLP	Bankruptcy Services	\$ -	\$ -
GREAT AMERICAN GROUP	Bankruptcy Services	\$ -	\$ -
GAVIN SOLMENESE LLC	Bankruptcy Services	\$ 136	\$ -
CHIPMAN BROWN CICERO & COLE, LLP	Legal Services	\$ 38	\$ -
Total		\$ 9,516	\$ 461

(1) Approved amounts represent the amount of fees and expenses that were approved by court order for payment by the Debtors to each professional from commencement of the case through September 2019.

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Summary of Unpaid Post-Petition Debts (unaudited)
As of 9/30/2019

(In Thousands)

Gregg Appliances, Inc. (17-01303-11)

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 90	
Accounts Payable	\$ 39	\$ 40	\$ 0	\$ (0)	\$ 1,078	\$ 1,157
Wages Payable	\$ 8	-	\$ -	\$ -	\$ -	8
Taxes Payable (1)	\$ 2	-	\$ -	\$ -	\$ 939	941
Rent/Leases-Building	\$ -	-	\$ -	\$ -	\$ 3,759	3,759
Utilities Payable (2)	\$ -	-	\$ -	\$ -	\$ 434	434
Insurance Reserves	\$ -	-	\$ -	\$ -	\$ -	-
Secured Debt/Adequate Protection Payments	\$ -	-	\$ -	\$ -	\$ -	-
Professional Fees	\$ 160	-	\$ 10	\$ 22	\$ 2,070	2,261
Amounts Due to Insiders	\$ -	-	\$ -	\$ -	\$ -	-
Outstanding Customer Deposits, Credits, Refunds (2)	\$ -	-	\$ -	\$ -	\$ 1,560	1,560
Unredeemed Gift Card Liability (2)	\$ -	-	\$ -	\$ -	\$ 15	15
Deferred Rent	\$ -	-	\$ -	\$ -	\$ -	-
LT Deferred Compensation	\$ -	-	\$ -	\$ -	\$ 234	234
Other (2)	\$ -	-	\$ -	\$ -	\$ 12,479	12,479
Total Post-Petition Debts	\$ 208	\$ 40	\$ 10	\$ 21	\$ 22,568	\$ 22,848

(1) Any past due taxes payable relate to unpaid business license fees for 2017, as well as unpaid gross receipts taxes payable and any penalties charged for late payments beginning in July 2017.

Gregg Appliances, Inc.**DEBTORS AND DEBTORS IN POSSESSION****Schedule of Federal, State, & Local Taxes Collected, Received, Due or Withheld (unaudited)***(In Thousands)***For the Period of September 1, 2019 to September 30, 2019**

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
Federal						
Withholding	\$ 1	\$ 2	\$ (2)	9/4; 9/18	WIRE	\$ 1
FICA - Employee	\$ 0	\$ 0	\$ (0)	9/4; 9/18	WIRE	\$ 0
FICA - Employer	\$ 0	\$ 0	\$ (0)	9/4; 9/18	WIRE	\$ 0
Unemployment	\$ -	\$ -	\$ -		WIRE	\$ -
Income	\$ -					\$ -
Total Federal Taxes	\$ -	\$ 3	\$ (3)			\$ 0
State and Local						
Withholding	\$ 0	\$ 1	\$ (1)	9/4; 9/18	WIRE	\$ 0
Sales and Use	\$ (0)	\$ -	\$ -			\$ (0)
Excise	\$ -	\$ -	\$ -			\$ -
Unemployment	\$ -	\$ -	\$ -		WIRE	\$ -
Real Property	\$ 3,474	\$ -	\$ -			\$ 3,474
Personal Property	\$ 1,582	\$ -	\$ -			\$ 1,582
Other	\$ 99	\$ -	\$ -			\$ 99
Total State and Local	\$ 5,156	\$ 1	\$ (1)			\$ 5,156

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Accounts Receivable Aging (unaudited)

(In Thousands)

As of September 30, 2019

Accounts Receivable Reconciliation

		Credit Card Receivables	Trade Accounts Receivable	Total Credit Card and Trade Accounts Receivable
Total Accounts Receivable at the beginning of the reporting period		\$ 900	5,054	\$ 5,954
+ Amounts billed during the period		-	-	-
- Amounts collected during the period		-	-	-
- Other Adjustments (Writeoffs/Credit Memos/Adjustments/Chargebacks/Signifyd Funding)		-	-	-
Total Accounts Receivable at the end of the reporting period		<u>\$ 900</u>	<u>\$ 5,054</u>	<u>\$ 5,954</u>

As of September 30, 2019

Accounts Receivable Aging	13.92	Amount			
< 90		\$ -	\$ -	\$ -	
91+	2.8	900	5,054	5,954	
Total Accounts Receivable	2.8	900	5,054	5,954	
Amount Considered Uncollectible	-	-	-	-	
Accounts Receivable, Net	\$ 2.8	\$ 900	\$ 5,054	\$ 5,954	
		(1) / (2)			

NOTES

(1) In July 2018, all Credit Card Receivables were written off with the exception of Pre-Petition funds withheld by Vantiv (Visa/Mastercard) in the amount of \$900,000. Debtors understand some or all of that amount was applied against chargebacks by the Credit Card companies; however, will continue to carry balance until fully resolved.

(2) No reserves have been recorded against credit card receivables.

(3) \$8.5M of Accounts Receivable - Other exists at 9/30/2019, all of which is aged > 90 days past due.

Gregg Appliances, Inc.
DEBTORS AND DEBTORS IN POSSESSION
Questionnaire

				Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.					X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.					X
3. Have all post-petition tax returns been filed timely? If no, provide an explanation below.				X	
4. Are workers compensation, general liability, and other necessary insurance coverages in effect? If no, provide an explanation below.				X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.					X
Account Name	Purpose	Business	Acct Number	Bank Name	Date